



# Sakharov Becomes A Kremlin Envoy

## Gorbachev Reportedly Asked Him To Help Mediate in Caucasus Crisis

By Bill Keller  
New York Times Service

MOSCOW — Andrei D. Sakharov has joined the search for a settlement between the republics of Azerbaijan and Armenia, reportedly acting at the personal request of President Mikhail S. Gorbachev.

Mr. Sakharov, the physicist and human rights campaigner, returned Monday from a week-long tour of the region, where he met Communist Party and military leaders, intellectuals and refugees from both of the contending ethnic groups.

Mr. Sakharov's wife, Yelena G. Bonner, confirmed Wednesday that she and her husband and three Moscow scholars had visited the region at the request of Mr. Gorbachev and his close confidant in the Politburo, Alexander N. Yakovlev.

Mrs. Bonner said she was hopeful that the trip had contributed to a possible resolution of the bitter territorial dispute between the two republics.

Mr. Sakharov's entry into the violent and seemingly intractable dispute reflects the deep frustration in the Kremlin over a conflict that has raged for more than 10 months.

Even by today's more liberal

standards, it is highly unusual, to say the least, for the Kremlin to solicit the mediation of a longtime dissident in its most explosive domestic political dispute.

The mission is also another sign of the growing mutual trust between Mr. Sakharov and the Kremlin leader who ordered him released from exile in the closed city of Gorky just two years ago.

The veteran human rights campaigner, who has staunchly defended Mr. Gorbachev while granting him to permit his citizens greater liberty, has gradually been restored to a position of respect.

Last month Mr. Sakharov was permitted to travel abroad for the first time in his life. He is now being widely touted by Soviet liberals as a possible candidate in next year's elections to a strengthened national legislature.

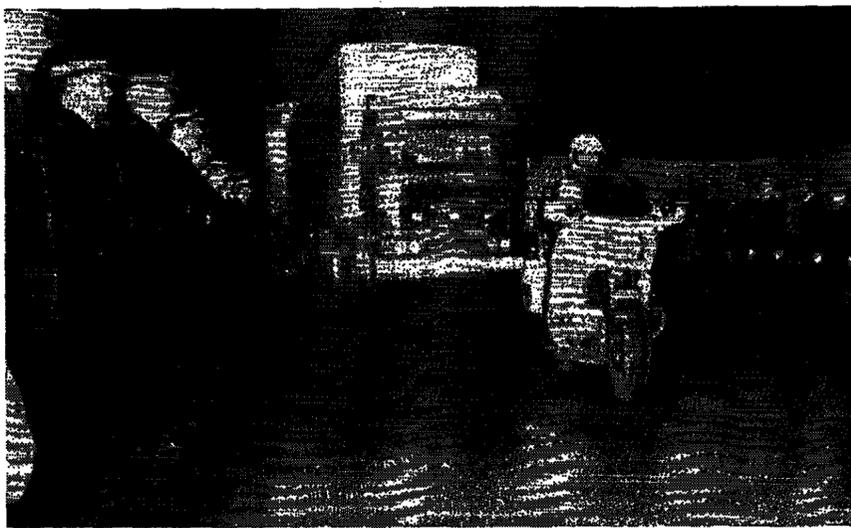
Soviet authorities sought Wednesday to minimize the significance of Mr. Sakharov's trip. General I. Gerasimov, the Soviet spokesman, said that Mr. Sakharov had traveled as a private scholar.

"It is true that it was a private trip," said Leonid M. Barkin, a historian who was part of Mr. Sakharov's delegation. "But it is also true that we went at the invitation of the leadership. Yakovlev and Gorbachev asked him to make the trip, to gather information, to see for himself what's going on and draw up his own ideas."

Mr. Barkin declined to discuss the trip in detail, saying that the five travelers had agreed to give no interviews before preparing a joint statement. Mr. Sakharov declined an interview for the same reason.

Mr. Sakharov has long sympathized with the Armenians in their demand to let the Armenian majority in the disputed Nagorno-Karabakh Autonomous Region of Azerbaijan determine their own fate.

He also commands considerable respect in intellectual circles in predominantly Moslem Azerbaijan, because he has long been an active champion of the Crimean Tatars, an Islamic minority forcibly displaced by Stalin in 1944.



Bodies being escorted past police in Lockerbie, Scotland. The remains of some crash victims reached the United States on Wednesday.

# BOMB: Proof Found in Jet Crash

(Continued from page 1)

Although a piece of luggage, believed to be ripped apart at one end, was the subject of investigation at Fort Halstead, the Department of Transport said that much investigative work remained to be done to establish what the bomb "was contained in and its location on the aircraft."

British news reports said that experts had found signs of heat damage in plastic lining from one of the airliner's cargo bins, indicating that luggage had exploded in the hold.

According to the reports, the bodies of some victims contained pieces of metal, further evidence that a bomb, rather than structural failure, had caused the crash.

John W.R. Taylor, editor of Jane's All the World's Aircraft, a reference book on the aviation industry, said, "The fact that the nose of the plane was blown off and descended separately suggests that the bomb was planted in the forward cargo hold."

Mr. Taylor said that a "modest amount of Semtex," a high-performance plastic explosive, could have caused enough damage to bring down the plane and "would have been nearly impossible to detect."

A senior U.S. diplomat based in Western Europe said that "nobody" had a good lead as to the identity of those responsible for placing the bomb on the plane.

"We're checking both ends, London and Frankfurt," said the diplomat, who asked not to be identified.

John Boyd, chief constable of the Dumfriesshire, Scotland, police force,



Michael Charles, head of the Air Accidents Investigation Branch of the Ministry of Transport, announcing the finding in Lockerbie, Scotland.

said that following confirmation of the presence of an explosive device, a "mammoth" criminal inquiry was under way into those responsible for the blast.

He said the investigation was international in scope and that it involved both the U.S. Federal Bureau of Investigation and the anti-terrorist branch of the British Metropolitan Police.

# Investigators' Statement

LONDON — Following is the text of the statement released Wednesday by the Air Accidents Investigation Branch of the Department of Transport on the crash of Pan Am Flight 103:

A number of items of wreckage, passenger baggage, and part of the framework of a metal luggage pallet are being examined by Ministry of Defense scientists. More items have been collected by Air Accidents Investigation Branch investigators from the accident area; each of these will be subjected to lengthy chemical and metallurgical forensic examinations.

However, it has been established that two parts of the metal luggage pallet framework show conclusive evidence of a detonating high explosive.

The explosive's residues recovered from the debris have been positively identified and are consistent with the use of a high-performance plastic explosive.

Other evidence collected by the Air Accidents Investigation Branch, in particular that from the flight data recorder and the cockpit voice recorder and from the wreckage trail on the ground, has led to the preliminary conclusion that the explosion took place soon after the aircraft had crossed the Scottish border whilst it was in the cruise at 31,000 feet and that this led directly to its destruction.

Much investigative work remains to be done to establish the nature of the explosive device, what it was contained in, its location in the aircraft, and the sequence of events immediately following its detonation.

# Recent Airline Bombing Incidents

International Herald Tribune

Following is a list of some recent bombing incidents involving airlines:

Nov. 29, 1987 — Korean Air Flight 858 flying from the Middle East to South Korea disappears over the Andaman Sea near Burma. All 115 people aboard are killed. Two Koreans, a young woman and a man posing as her father who had left the flight in Abu Dhabi, are arrested in Bahrain. The man kills himself, and the woman, Kim Hyun Hee, later confesses to being a North Korean agent.

June 26, 1986 — A bomb explodes in a suitcase on a conveyor belt leading to an El Al Israel Airlines plane at the Madrid airport, wounding the airline's security chief and six others. A Palestinian later confesses to planting the suitcase bomb.

April 17, 1986 — The police at Heathrow International Airport in London seize an Irish woman, Anne-Marie Murphy, as she tries to board an El Al Israel Airlines flight to Tel Aviv while carrying explosives in the false bottom of her hand luggage. The pregnant woman's fiancée, Nezar Hindawi, a Jordanian, is arrested and charged with conspiracy to murder.

April 2, 1986 — Four Americans are killed when a bomb under a seat explodes aboard Trans World Airlines Flight 840 from Rome to Athens. The plane, on a Cairo-Rome-Athens route, lands safely at the Athens airport despite a gaping hole in the fuselage. The police say the bomb was left on the plane by a woman carrying a Lebanese passport who sat in the seat earlier.

June 24, 1985 — All 529 aboard are killed when an Air India flight from Montreal to London crashes off the coast of Ireland. Indian scientists later conclude that a "chemical detonation" took place in the front cargo hold. Sikh extremists took responsibility for the bombing.

June 22, 1985 — Two Japanese baggage handlers are killed as a bomb explodes in an area where luggage is stored while in transit between airlines at Narita International Airport. The luggage had been removed from a CP Air jetliner that arrived from Vancouver, and investigators later say the bomb may have been intended for an Air India flight that was scheduled to leave Tokyo for Bombay.

# SECURITY: U.S. Tightens Rules

(Continued from Page 1)

to be involved in any terrorist acts outside the Middle East for at least three years. But in October, the West German police raided houses in four cities, arrested 14 suspected members and confiscated plastic explosives.

U.S. intelligence officials also are turning their attention to the Fatah-Revolutionary Command, which is led by Abu Nidal and is believed responsible for dozens of terrorist acts, including the massacres at the Rome and Vienna airports in 1985.

In Frankfurt, police discovered a huge cache of weapons, including a plastic explosive bomb that had a barometric detonator capable of setting off a bomb aboard a plane.

Although some of those arrested were released for lack of evidence, some U.S. intelligence officials have doubted that those freed could have carried out a plane bombing by themselves.

The fact that Hafez Ghassem Dalkamoni, foreign operations chief of the Popular Front for the Liberation of Palestine-General Command, was among those arrested in West Germany suggests to intelligence officials that the group may be focusing more on attacks in Western Europe.

Both the Popular Front for the Liberation of Palestine-General Command and the Fatah-Revolutionary Command are supported by Syria and Libya.

Meanwhile, a consensus is emerging among U.S. intelligence officials that the pro-Iranian group

that claimed responsibility for the Pan Am crash probably had no involvement.

The officials said that the group, which called itself the Guardians of the Islamic Revolution, was not known to have been previously involved in an attack on a commercial airliner and was not believed to be familiar with sophisticated bombing techniques.

"The feeling now is that they weren't involved in the blast, and we're focusing attention on other groups," a U.S. official said.

L. Paul Bremer, the State Department's ambassador-at-large for counterterrorism, said that little was known about the group.

U.S. intelligence reports say the group was first identified in 1980, when bombs exploded at an industrial firm in Rome.

In May 1983, a group calling itself Guardians of Islam claimed responsibility when a West German banker was killed in a car bombing. The group said the man had been involved in Iraq's long-running missile program.

In 1987, the group took responsibility for the shooting deaths of two dissidents opposed to the Iranian revolution and for the wounding of Amir Hussein Amir Parviz, a former cabinet member in the government of the shah of Iran.

After the Pan Am crash, a man who declined to identify himself called international news agencies and said the group had "executed the passengers in revenge" for the downing in July of an Iran Air jetliner by the U.S. cruiser Vincennes.

Mr. Bremer said the investigation was muddled by a coincidental telephone tip Dec. 5 to the U.S. Embassy in Frankfurt that indicated a Pan Am airliner flying from Frankfurt to the United States would be bombed. The anonymous caller said the Fatah-Revolutionary Command would carry out the attack.

"The Finnish police have put out a statement that it was a hoax, and we have no reason to disagree with that conclusion," Mr. Bremer said.

# Threat of Bomb Delays U.S. Flight

United Press International

ALBUQUERQUE, New Mexico — American Airlines Flight 240, on route from San Francisco to Dallas-Fort Worth International Airport with 198 people aboard, was evacuated and searched Tuesday night after an emergency landing because a passenger first indicated he had a gun, then claimed there was a bomb aboard, officials said.

The search turned up no bombs, said an FBI agent, James W. Nelson. But Peter M. Canning, 40, an employee of the University of California-Berkeley, was arrested by the FBI. He was being held for investigation of making a bomb threat against a plane.

# Crack Discovered In 2d Eastern 727

Reuters

BOSTON — A three-inch (7.6-centimeter) crack has been found in the fuselage of an aging Eastern Airlines Boeing 727, in the same area of the aircraft's roof as the rupture that forced an Eastern 727 to make an emergency landing Monday in West Virginia.

An FAA spokesman, Michael Ciccarelli, said Eastern had been conducting U.S. wide inspections of its 727s to look for "skin cracks" after an 18-inch hole forced the 22-year-old 727 down Monday.

The 727-100 grounded in Boston, which was 24 years old and had 54,400 takeoffs and landings, had been used on the New York-Boston shuttle route since Dec. 24. Mr. Ciccarelli said National Transportation Safety Board inspectors would examine the crack to determine what caused it.

# WORLD BRIEFS

## Food Prices Spark Protests in Sudan

KHARTOUM, Sudan (Reuters) — Thousands of housewives and trade unionists took to the streets Wednesday chanting anti-government slogans on the second day of protests at food price increases.

They marched through Khartoum and its twin city, Omdurman, criticizing Prime Minister Sadek Mahdi for raising the price of sugar by 500 percent and cigarettes by 50 percent Monday, increasing import tariffs and levying a new tax on locally manufactured goods.

Finance Minister Omar Nourredineen said Tuesday that if the government had not raised prices it would have had to start printing money and would have faced "mad inflation" and "total economic collapse."

## Australia Urged to Act on Aborigines

SYDNEY (AP) — Following the deaths of a number of aborigines in police custody, a government report recommended on Wednesday that drunkenness no longer be treated as an offense in Australia and that racist police officers be replaced by aboriginal recruits.

The preliminary report by a royal commission also called for changes in the way prisons are run and in the medical system. It warned that failure to make the changes would damage Australia's reputation abroad. Aborigines number about 160,000, or 1 percent of the population. Imprisonment rates for aborigines are 16 times higher than the national average.

The report was issued by the head of the commission, James Muirhead, a lawyer appointed to the post by Prime Minister Bob Hawke. The commission was formed last year to investigate the deaths of 44 aborigines in police custody since 1980. Since it began its work, the number of deaths has reached 100. Most of the aborigines died by hanging after they were arrested on charges of being drunk and disorderly.

## Moscow Issues Ethnic Crime Ruling

MOSCOW (AP) — The Soviet Supreme Court, in guidelines aimed at the southern republics of Armenia and Azerbaijan, has issued directives for the application of a law against whipping up ethnic tensions. The news agency reported Wednesday.

The court said that punishable offenses included the spreading of "ill-intentioned rumors" through the press, leaflets or public statements and the use of ethnic reasons for firing or refusing to hire workers, violation of voting rights and depriving people of housing.

Judicial officials said that offenses committed in extreme situations, including natural disasters, should be considered aggravated crimes punishable by the maximum penalty of three years in jail. Armenian activists say that a number of their leaders have been arrested, with few charges filed, since the earthquake that struck Armenia on Dec. 7.

## 2 Palestinians Killed as Strike Is Held

JERUSALEM (Reuters) — Israeli troops shot to death two Palestinians who were throwing stones during clashes Wednesday as the 1.7 million residents of the West Bank and Gaza Strip observed a general strike.

Palestinian sources said that troops using plastic bullets killed a 19-year-old youth in the village of Ribya, south of Hebron on the West Bank. In a separate incident, an 18-year-old youth was shot in the back during a clash with troops in northern West Bank city of Nablus.

Meanwhile, shops were closed and public transport was halted as workers held a strike called by underground Palestinian leaders to commemorate a 1920 battle between French and Arab forces in Syria.

## Nanjing Protests Go On for 4th Day

BEIJING (NYT) — Thousands of students and workers staged illegal demonstrations in Nanjing Wednesday for the fourth day in a row. The students said they planned to continue the protests until the government meets their demands to punish African students for their part in a brawl on Christmas Eve.

A core group of about 1,000 students and several thousand more sympathizers confronted the police in a central square in Nanjing, according to four Americans in Nanjing who spoke in telephone interviews. They said that up to 1,000 police, many of them based in from neighboring Anhui Province, periodically charged half-heartedly at the crowd, which then retreated only to regroup later.

Nanjing's approximately 130 African students remain in a government guest house in Yangzhou, about 50 miles (81 kilometers) northeast of Nanjing, to protect them from crowds of Chinese that attacked the Africans' dormitory on Christmas. Days and destroyed many of their possessions.

## 2 Arrested in Brazil Ecologist's Death

RIO DE JANEIRO (UPI) — The police arrested two landowners Wednesday in connection with the murder of an internationally recognized Amazon ecologist after a 20-minute firefight on a large agricultural estate, the country's top justice official said.

The arrests of Daril and Alvarino Alves da Silva came after the police launched a manhunt in the state of Acre, setting up roadblocks and checkpoints along the borders with Bolivia and Peru.

Police intensified a hunt for the suspects in the murder last week of Francisco Mendes Filho after authorities dismissed a confession by Darcy Alves Pereira, son of Daril Alves da Silva. On Monday, Mr. Alves Pereira claimed responsibility for the murder, but the authorities said that discrepancies in his confession led them to suspect he was covering up for his father and uncle.

## For the Record

Robert M. Gates, deputy director of the CIA, was chosen Wednesday by President-elect George Bush to be the new administration's deputy assistant for national security.

The United States has formally extended the limit of its territorial waters to 12 miles off its coasts, conforming with the practice of most other nations, the White House said Wednesday.

South Korea agreed Wednesday to a North Korean proposal to hold high-level political and military talks to ease tensions.

The Yugoslav presidency has sentenced 25 political prisoners under a decree that it says has cleared the jails of all people charged with disseminating anti-government propaganda.

The widow of Mao Zedong, Jiang Qing, 74, is critically ill in prison and is receiving treatment for ailments related to old age, the English-language China Daily reported Wednesday, quoting a Ministry of Justice official.

About 2,200 people were killed in the war between Nicaraguan government forces and U.S.-backed contra guerrillas in 1988, less than a third of the 1987 toll of about 7,300, according to official Nicaraguan government figures and diplomatic sources in Managua.

Seven South African blacks were found shot to death in a township in Natal Province shortly after a clash between the police and a crowd, the police said Wednesday. The bodies were found 320 meters (350 yards) from the point where the officers fired Tuesday on a crowd that had attacked a black constable. A police spokesman said that "the seven were shot by someone other than police."

## TRAVEL UPDATE

Suomi-Reagens, a Finnish company, said it planned to rent a North Sea oil-field vessel as a floating hotel sleeping 500 and moor it next year off Tallinn, the capital of the Baltic republic of Estonia, to help ease the city's shortage of tourist accommodations.

Korean Airlines said All Nippon Airways will become members of the International Air Transport Association on Jan. 1, bringing the number of member airlines to 180, IATA said in Geneva on Wednesday.

## CANCER: Research Is Hampered

(Continued from page 1)

Arizona in Tucson, said, "I see this as an approaching time of crisis."

One of the greatest concerns expressed by cancer specialists is that the ability of the NCI to fund promising new research proposals is less than at any time in two decades.

Specialists said the grant squeeze was forcing many young researchers to abandon plans to study cancer and to switch to the effort against acquired immune deficiency syndrome, where money is more readily available.

This could result in a shortage of cancer researchers in the future, said Dr. Maryann Roper, acting deputy director of the NCI.

"If we cut those people out, we're not just compromising their future, we're compromising our future," she said.

A tight budget means that many ideas judged excellent by scientific review committees will not be pursued. Dr. Young said that the scarcity of funds also made review committees more conservative and more likely to turn down bold projects.

Since the early 1980s, when growth in the budget of the NCI was almost flat, AIDS research has claimed an increasing portion of its researchers' time and funds at the expense of cancer research.

In 1982, only one-third of 1 percent of the NCI budget went to AIDS research. This fiscal year, work on AIDS will make up about 8 percent of the budget.

# No Trace Found Of 2 French Girls

The Associated Press

BEIRUT — There was no trace Wednesday of the two French girls reported to have been freed after being held by a Palestinian terrorist group for 13 months.

A spokesman for the Fatah Revolutionary Council of Abu Nidal said Monday that the girls, Marie-Luce Bettele, 7, and her sister, Virginie, 5, were on their way to Paris by plane. But they had not arrived in the French capital.

A Palestinian source said he would not be surprised if the girls surfaced in an Arab capital in North Africa. The sisters were seized aboard a yacht off the Israeli-occupied Gaza Strip in November 1987.

# Morocco Agrees to Meet With Polisario Rebels

By Paul Delaney

MADRID — King Hassan II of Morocco has agreed to meet with guerrillas of the Polisario Front, who have fought his troops for 13 years over Western Sahara and whose existence he has refused to acknowledge until now.

Diplomats said the agreement to hold direct talks was a significant development in efforts to end the desert war, which is stalemated. While both sides earlier agreed on a peace plan that called for a referendum on the future of the territory, King Hassan repeatedly rejected requests by Polisario leaders for face-to-face talks.

But in an interview last week with Le Point, a French weekly, the king said that he would listen to anyone who wanted to talk about the territory, including the Polisario. He insisted that the discussions would not be negotiations, however.

Polisario leaders seized on the king's new position and accepted his invitation. From their headquarters in Algiers, they said on Saturday that they would soon send a delegation to Morocco.

A Western diplomat in Morocco

said the change was a major breakthrough. He added that the king had changed his mind probably because he felt he now had "the upper hand."

"Besides, things haven't been going too well diplomatically for the Polisario lately," the diplomat said.

Earlier this month, five U.S. foreign aid workers were killed when their plane was shot down by a missile fired by Polisario guerrillas.

Officials said Polisario leaders wanted the meeting to take place before the end of the year. The officials said they doubted that a meeting could be set up that quickly, but that preparations were under way.

In August, both sides accepted in principle a peace plan promoted by the United Nations and the Organization of African Unity. It called for a vote by residents of the former Spanish colony to either set up an independent state or become part of Morocco.

Both sides have stated publicly that they would abide by the outcome of the referendum.

But the plan left open significant details such as a cease-fire and a prisoner exchange, which the Polisario has said could be resolved in direct talks.

# CAMBODIA: Uneasiness as Hanoi's Troops Leave

(Continued from page 1)

ter Hun Sen, has been summoned as illegitimate by most governments, except India and the Soviet bloc. It has faced steady opposition from the followers of Prince Norodom Sihanouk and a former prime minister, Son Sann, as well as from the Khmer Rouge.

Mr. Hun Sen, 37, over a decade has blossomed from a shy and poorly educated soldier, who quit the Khmer Rouge just ahead of the purges, to a self-assured and well-spoken leader of substance.

He speaks confidently of holding his own against the Khmer Rouge and winning any elections.

But even Soviet bloc diplomats, who along with their advisers and international aid workers make up most of the foreigners in Phnom Penh, acknowledge that while Mr. Hun Sen has come along nicely, "the circle of efficiency around him is very small," as one put it.

The diplomats also acknowledge that security in parts of the countryside is intermittent, and that few people travel roads, especially in the northwest, much past noon-time, and almost never at night.

Western diplomats in Bangkok estimate that the government has about 44,000 soldiers in roughly six divisions, as well as provincial and village militias which are now being built up to what Mr. Hun Sen hopes will be a total of 200,000.

He has said the village militias would rely on a combination of "older weapons and traditional ones." Asked if that meant knives and arrows, an East Bloc diplomat shrugged. "At least they're protecting their own land," he said.

One aid worker with long experience, who speaks Khmer and works with farmers in the countryside, said the government controls what

# Hanoi Amends Enemies List

The Associated Press

BANGKOK — Hoping to repair its frayed international relations, Vietnam has amended its constitution to delete condemnation of France, Japan, the United States and China.

In the third sentence of the preamble, for example, the phrase "the Japanese, French and American imperialists" has been changed to "the aggressors." The "anti-French resistance" has been changed to "the anti-colonial resistance," and "the war of resistance to U.S. aggression" to "the war against aggression."

The revised preamble was adopted by the country's National Assembly last Thursday on the closing day of its winter session. An English-language text carried by the official Vietnam News Agency was monitored on Wednesday in Bangkok.

# RELAPSE: Break the Habit of Breaking the Habit

(Continued from page 1)

recovering from a slip gives them a stronger confidence in their ability to resist temptation."

Dr. Marlatt sees relapse prevention as applying to any habit people want to change. It was inspired by studies in the early 1970s that found relapses in about three-quarters of those treated for addictions as diverse as smoking, alcoholism and heroin.

"About 20 percent of people can kick a habit on the first try, but most people need several attempts, no matter what the habit," Dr. Marlatt said.

In research with Susan Curry, a psychologist at the University of Washington, Dr. Marlatt and Dr. Gordon studied 123 heavy smokers who were trying to quit. The participants had smoked for an average 19 years and most had already tried to quit three or more times.

"The successful quitters focused on what they might have done differently, rather than on thoughts like, 'This just proves I'm addicted to nicotine,'" said Dr. Marlatt.

"Those who went back to smoking decided to treat their first lapse as a detour. They felt guilty, blamed themselves for the lapse instead of the situation and saw the lapse as due to something in themselves they could not change, like a lack of willpower."



# A Surprise Benefit In Social Security Plan Is Called Most Potent Weapon Of U.S. in the Battle Against Poverty

By Robert Pear  
New York Times Service

WASHINGTON — Social Security is the federal government's most effective weapon against poverty and reduces the inequality of Americans' income more than the tax system and more than recent social welfare programs, the Census Bureau reported.

The study is the most comprehensive attempt ever made to measure the role of the federal government in redistributing income. The report brings together, for the first time, data on taxes and benefits provided by private employers and government agencies, showing their combined effect on poverty and income distribution.

The report, issued Tuesday, reflects years of work by the Census Bureau, the nation's pre-eminent statistical agency, known for its political neutrality and its methodological rigor.

But congressional aides and lobbyists said the report could have a major political effect, discouraging President-elect George Bush and members of Congress from making significant reductions in benefit programs as part of any package to cut the federal budget deficit.

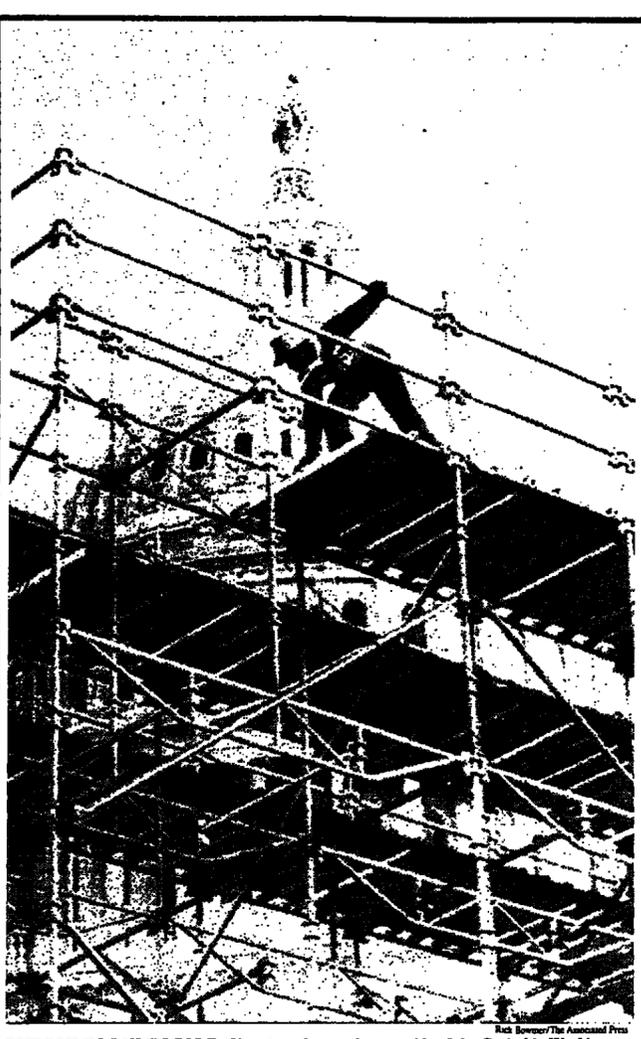
If Social Security or other benefit programs significantly reduce income inequality, that might be a reason for members of Congress to hesitate to cut such programs, since legislators sense that economic disparities between the poorest and most affluent Americans have grown in the last eight years.

Social Security benefits lifted 15.1 million people out of poverty in 1986, reducing the number of poor to 35.5 million from 50.6 million, the bureau estimated.

At the same time, Social Security reduced the poverty rate — the proportion of people who are poor — to 14.9 percent from 21.2 percent, it said. In 1986, a family of four was classified as poor if it had an annual cash income of less than \$11,203.

Social Security was responsible for an even more dramatic reduction in the poverty rate for the elderly, to 14 percent from 47.5 percent, the report said.

By contrast, cash welfare programs lifted only 2.1 million people out of poverty and reduced the poverty rate by less than 1 percentage point, the report said.



BUILDUP TO BUSH'S BIG DAY — A worker on the west side of the Capitol in Washington placing flooring on a stand to be used in the inauguration of George Bush as president on Jan. 20.

# Bonn-Washington Tax Pact Drafted

International Herald Tribune

WASHINGTON — The United States and West Germany have agreed on a draft of a tax treaty that would include a reciprocal reduction in the rates for tax withholding on dividends paid by corporations in one country to citizens or corporations in the other.

A Treasury spokesman, Larry Batdorf, said the reduction in withholding rates, from 15 percent to 10 percent in 1991 and from 10 percent to 5 percent in 1992 and thereafter, was the only significant change in the new document, which is to replace a Washington-Bonn agreement ratified in 1954 and amended in 1965.

Mr. Batdorf said that the final language of the treaty had not been worked out, and that the text would not be made public until then.

The final draft should be ready early in 1989 and signing by both countries and ratification by a two-thirds vote of the U.S. Senate is expected by mid-year, he said. The treaty is scheduled to go into effect in January, 1990.

The reduction in withholding rates would give corporations access to funds that would otherwise be held by the government.

Bilateral tax treaties have the dual purposes of protecting citizens from being taxed by two countries on the same income and of preventing them from escaping taxation altogether.

# U.S. May Relax Mining Rules

By Philip Shabecoff  
New York Times Service

WASHINGTON — The Interior Department has proposed rules changes that could open millions of acres of U.S. national parks and other protected federal lands to coal mining.

In 1977, Congress barred coal mining on these lands but made an exception for holders of mining claims that were valid then. While defining such holders has been a matter of dispute, the department's decision Tuesday would broaden the qualifying rules by making state laws the determining factor.

And while Interior Secretary Donald P. Hodel has repeatedly said that he would not allow mining in national parks, under the proposed rules the government would have to buy back mining claims if it wanted to continue to protect some of the parks and other public lands.

Environmentalists said this could force the government to pay many millions of dollars to protect parks and other land Congress thought it had already protected from the impact of coal mining.

National Park Service officials said only a few parks were seriously threatened by private mining claims. But claims in wildlife refuges, wilderness areas and historic sites push the amount of potentially affected land to about four million acres (one million hectares).

A statement by the Interior Department said the changes were intended to resolve conflicts involving mining claims on federal lands and to insure "that private property rights are recognized." The notice said public comment would be taken until March 7.

The proposal, published Tuesday in the Federal Register, would allow the law of individual states to determine who has "valid existing rights" to mine coal from lands otherwise protected by Congress when it passed the Surface Mining Act in 1977.

Mr. Hodel, who was the Reagan administration's Energy Secretary until moving to Interior in 1985, filed environmentalists in April 1987 by recommending that Congress allow oil drilling in the Arctic National Wildlife Refuge in Alaska. That issue is still to be decided.

# Evidence Points to Afghan Pullout

By Don Oberdorfer  
Washington Post Service

WASHINGTON — Evidence is mounting that Soviet troops are poised to begin their final withdrawal from Afghanistan in early January, but the United States has received no official word from Moscow that it is about to begin, according to State Department officials.

New indications from U.S. intelligence that the withdrawal is being prepared came as the State Department observed the ninth anniversary of the Dec. 27, 1979, Soviet intervention.

The State Department's annual report on the Soviet occupation said the Soviet-backed government in Kabul already had begun "to unravel" and that most observers believed that it would not long survive the Soviet departure.

# WORLD BRIEFS

## Protests in Sudan

Thousands of demonstrators gathered in Khartoum and its twin city, Omdurman, for raising the price of bread by 50 percent Monday, increasing on locally manufactured goods.

## Act on Abortions

Following the deaths of a number of women, a report recommended on abortion treated as an offense in Australia, replaced by a royal commission.

## Ethnic Crime Rules

Soviet Supreme Court, in guidelines for Armenia and Azerbaijan, has issued a ban against whipping up ethnic tensions.

## Killed as Strike

Israeli troops shot to death 100 people during clashes Wednesday in West Bank and Gaza Strip.

## Protests Go On for 4th

Thousands of students and workers gathered Wednesday, for the fourth day, to continue the protests until the government withdraws its troops.

## Brazil Ecologist

The police arrested a ecologist with the murder of an environmentalist after a 20-minute gunfight in a large justice official said.

## Director of CIA

George Bush to be the new administration director of the CIA.

## War in El Salvador

The coffee, the nation's main export crop, is mostly the result of natural causes and declining prices on the world market.

## Hal Ashby Dies at 59; A U.S. Film Director

LOS ANGELES — Hal Ashby, 59, who directed such critically acclaimed films as "Coring Home," "Bound for Glory" and "Shampoo," died of cancer on Tuesday, a family spokesman said.

## Research Is Hampered

Scientists are compromising the study of AIDS research.

## Authors Wanted

Leading subsidy book publisher seeks manuscripts of all types, fiction, non-fiction, poetry, juvenile, scholarly and reference works, etc.

# In El Salvador, a Coffee Crisis Worsened by War

By Douglas Farah  
Washington Post Service

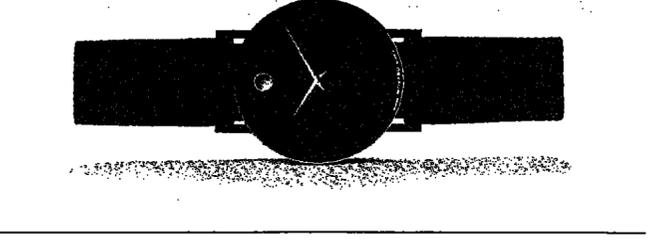
FINCA MIRACIELO, El Salvador — "I think God is angry with us," said Roberto Puente as he surveyed the smoldering ruins of his house. "Already the crop was bad, and now this. If it is not one disaster it is another."

Mr. Puente is one of thousands of farmers and agricultural workers suffering the devastating effects of the worst Salvadoran coffee harvest in 30 years and the escalation of the nine-year-old civil war between Marxist-led rebels and the U.S.-backed government.

The sharp drop in the value of the coffee, the nation's main export crop, is mostly the result of natural causes and declining prices on the world market. The stepped-up fighting is part of a rebel offensive to topple the government by creating economic conditions that lead to insurrection.

The coffee crisis has worsened Salvadoran political troubles, which loom as one of the major challenges in Central America for the incoming U.S. administration.

As the guerrillas have increased their attacks on economic targets, they also have launched a diplomatic offensive seeking Latin American support.

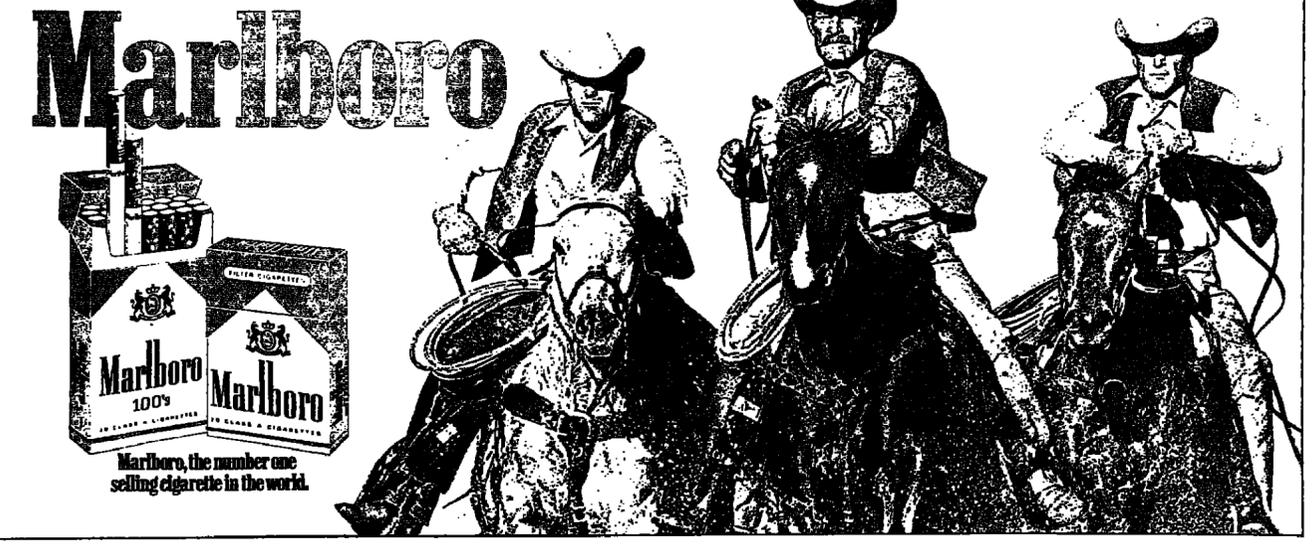


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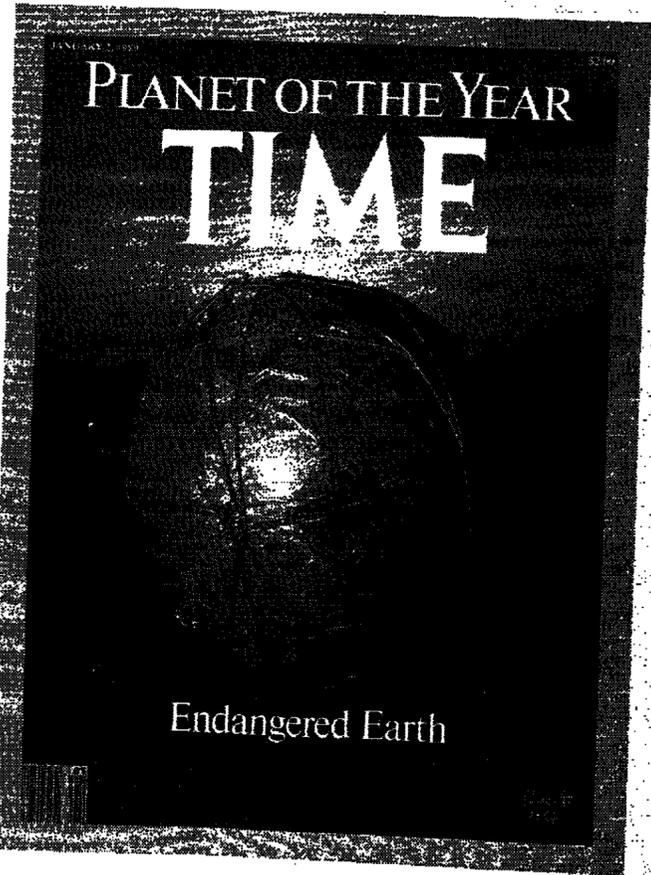
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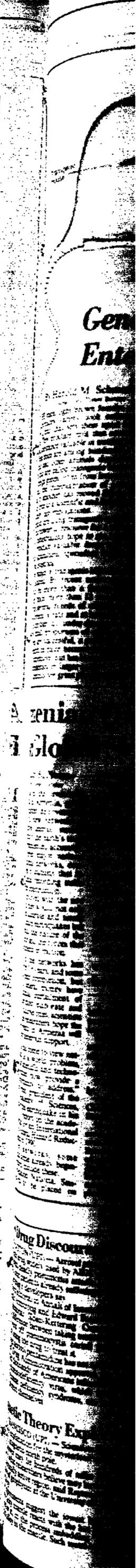
Which is why, in a rare but not unprecedented departure from its tradition of naming a Man of the Year, TIME has designated endangered earth as Planet of the Year.

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هكذا من الكفر

SCIENCE

# A Fossil Hunter and His 'Pet,' Lizzie

By Warren Getler  
International Herald Tribune

**BATHGATE, Scotland** — An abandoned shale quarry on the edge of town holds an irresistible attraction for Stan Wood, an insurance salesman turned fossil hunter.

It was here amid the soft, sedimentary stone and the mud, mid-way between Glasgow and Edinburgh, that Wood discovered "Lizzie," all eight inches (20 centimeters) of her.

Lizzie, uncovered last March, is the fossilized remains of a 340-million-year-old lizard-like reptile, which some experts believe could be the earliest known ancestor of dinosaurs.

And it was here in the same dank outcrop, wedged between a sheep farmer's fields, that Wood in 1984 discovered the virtually complete fossil remains of some of the earliest known amphibians, ancestors to the modern-day frog and salamander.

These finds, which help to explain the transition to land of backboned animals from their seagoing ancestors, have been displayed at the British Museum of Natural History in London, where Lizzie's petite frame will continue to be featured through January.

"Mr. Wood has found a lot more new fossils than virtually anyone else in the world in recent years," said Dr. Robin Cocks, chief curator of paleontology at the museum. "He has made some very important finds and his enthusiasm and energy has done a lot to promote paleontology."

Lizzie, for instance, is 40 million years older than the previously known ancient reptiles. The age of the find, between 338 and 340 million years, was determined by scientists at the University of Newcastle-upon-Tyne, using a potassium-argon radioactive dating process on the surrounding rock.

Lizzie has yet to be given a formal name or a scientific classification, but the odds are fairly strong that it will be named after Wood, 49, who already has a fossil shark, *Diploduselache woodi*, a prehistoric fish, *Stenichthys*, and an extinct amphibian, *Doragnathus woodi*, as namesakes.

The primeval reptile's final resting place will depend on the highest bidder, according to Wood. He has sold two rare amphibian fossils in recent years to the National Museum of Scotland for £20,000 and £17,000 respectively, and Lizzie, he hopes, will bring in a six-figure amount.

Wood, a former merchant seaman and insurance salesman, and his wife, Mary, sold their home in 1983 for £30,000 and invested half the proceeds in a full-time business, Wood's Fossils. The Scottish Development Agency, taken with the idea, provided low-interest loans to support the project.

"I was so worried about selling the house," said Mary Wood, "I thought we would wind up living in a tent."

The business involves finding rare specimens and selling them to museums and scientific institutions, as well as selling less exotic



Stan Wood; artist's conception of Lizzie.

rollment in a "new enterprise" business course at a local university followed.

"I can go out in the field and survive to plug certain scientific gaps, because I know what I'm looking for," Wood says. "The problem is selling them at a price that will enable me to support my wife and daughter, and to invest in further research."

Sometimes the trail to paydirt is simply good detective work, and Wood, to be sure, is inclined to wear a long, white trench coat over his 6-foot-4 frame when meeting guests.

During a half-time break in a local soccer match last winter, Wood — an avid soccer fan — had meandered over to a stone wall dividing a farmer's field.

The stone was rich in fossils and Wood was soon off trying to find the owner of the land. He did, and the owner explained that the stone had been excavated at Bathgate. Before heading off to the quarry, Wood bought the farmer's wall — all 100 yards of it — for £25, and later sold the fossils within for a whopping £50,000.

Last week, with a journalist in tow at the Bathgate quarry, Wood peeled back a 50-pound (22-kilo) slab of shale to uncover the fossilized head, or prosoma, of what must have been a 10-foot-long scorpion. The head measured about 24 by 18 inches, considerably larger than the biggest on record.

"Look at this!" Wood exclaimed, as he lifted the heavy slab. "These are parts of cruripetids," he said, referring to the now-extinct

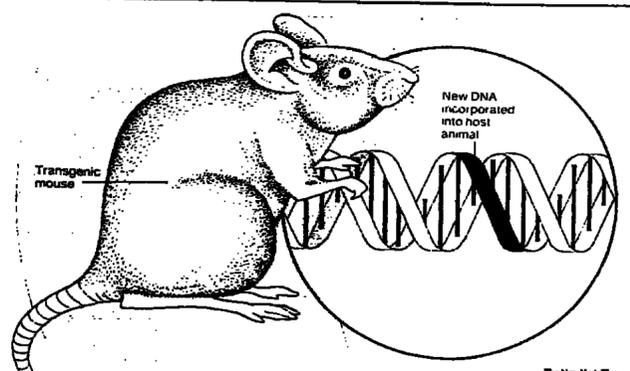
scorpion-like creatures. "These creatures were clearly land-going and they surely ate small amphibians and reptiles, perhaps even Lizzie, in addition to spiders and centipedes. They must have stung their prey, paralyzing them."

"This scenario goes against the conventional wisdom that amphibians were the main terrestrial predators at the time. These gigantic invertebrates dwarfed the largest amphibians and reptiles and were king of the domestic terrain 340 million years ago."

All such "kill scenarios," however, occurred at a time when Scotland was not a tapestry of pastoral, green hills but rather a steamy, primordial rain forest intercut with river estuaries, according to the emerging fossil record. That archaic Scotland found itself lying along the present day equator.

While Wood relies on the museums of the world as potential buyers and also as ultimate authorities on the classification and dating of his finds, they have relied on his nose for old bones and his knowledge of evolutionary trends to further their own understanding of the fossil record and to acquire choice specimens.

Writing in *Modern Geology*, a group of senior British paleontologists pursuing the evolution of backboned, land-going animals noted: "There has been an acceleration in the rate of progress of our knowledge over the last 20 years. Not only has the pace and diversity of approach of study increased but so has the pace of collecting. Much of the latter is attributable to one man, Stanley Wood."



## Gene-Altered Animals Enter the Marketplace

By Harold M. Schmeck Jr.  
New York Times Service

**THE** mice, light brown females of a common laboratory variety, look ordinary. But they carry a trait that sets them apart from all other mice: They produce milk that contains a human blood substance valuable in treating heart attacks.

These mice are among hundreds of varieties of rodents and other animals developed in recent years that are called transgenic because they possess foreign genes, often from humans. Over several years, the transplantation of genes from one species to another has moved from a laboratory tour de force to a scientific and industrial tool with potentially vast implications.

Scientists are using transgenic animals as a versatile and powerful resource for a wide variety of studies. Industrialists hope to use transgenic animals to produce valuable drugs and other substances. Agricultural specialists hope to produce improved livestock.

A wide range of transgenic animals has already been produced. By recent conservative estimates, there may be more than a thousand strains of transgenic mice, more than 12 varieties of transgenic pigs, several breeds of rabbits and fish, at least two breeds of rats and at least one transgenic cow with another still under development.

Only a small proportion of attempts to transplant genes are successful, a problem that hardly slows research in mice because they breed rapidly and are inexpensive, but has hampered the production of transgenics in larger species.

Many scientists see great promise in the research

and its applications, but the work has also generated controversy. Some environmentalists, farmers and animal rights activists object to production of transgenic animals on any of several grounds: that use of the animals could upset agricultural economics, driving small farmers out of business; that some of the animals could upset the balance of nature, and that the practice may cause suffering in animals. Some people simply oppose genetic tinkering philosophically.

The mice that produce milk with a slightly human tinge make tissue plasminogen activator (TPA), a human substance that dissolves blood clots. Production in the milk is believed to cause the mice no harm and makes the substance easy to harvest. Produced by other methods of genetic engineering at high cost, the substance has saved the lives of many heart attack patients.

The mice that produce TPA in their milk were developed in a collaboration between scientists at the National Institutes of Health in Bethesda, Maryland, and Integrated Genetics, a biotechnology company in Framingham, Massachusetts. Together with Tufts University's school of veterinary medicine, the company is now in the final stage of research to produce goats that can make TPA efficiently.

Katherine Gordon, a leader of the research at Integrated Genetics, said the company hopes to have goats producing the substance in their milk next year. She estimated that a herd of 100 to 200 goats could produce enough TPA every year to supply the nation's entire demand at a far lower cost than by other methods.

## Armenian Quake Spurs Effort For Global Seismic Networks

By Walter Sullivan  
New York Times Service

**IN** the wake of the devastating earthquake in Armenia, geologists hope to hasten the coverage of the globe with new networks of highly sensitive seismic stations that will monitor the earth's tremors with unprecedented accuracy.

At least seven major national and international networks, comprising scores of stations that incorporate digital recording methods, are under construction.

Scientists involved with the new networks said they would not only provide more accurate and timely warnings of future earthquakes but also help reveal the nature of the Earth's interior and the forces that keep its continents in motion.

Planning of the networks has been under way for years, and some are already near completion, but shortages of federal money have forced a radical curtailment of some of the most elaborate and potentially valuable ones, scientists say. Now, the researchers hope the horrifying events in Armenia will prompt more generous support.

The time has come to view national hazards as a world problem, but one that scientific and technological advances now provide a unique opportunity to address," Dr. Frank Press, president of the National Academy of Sciences, wrote before the earthquake in his foreword to a report on the academy's proposal for an International Decade for Natural Hazard Reduction, to begin in 1990.

The new networks, some planned and some already beginning operation, include these:

- A 150-station National Seismic Network to be placed on

American territory by the U.S. Geological Survey.

- The Global Seismograph Network being financed by the Incorporated Research Institutions for Seismology, or IRIS, a consortium of 57 American universities and other institutions.
- Geoscope, a French network

Scientists involved with the new networks said they would provide more accurate and timely warnings of future earthquakes.

based in Paris but with instruments in many parts of the world including the United States.

- Poseidon, a planned Japanese network covering the western Pacific and the eastern South China Sea.
- NARS, a chain of Dutch stations from Scandinavia to Spain.
- A chain of stations across Italy.
- A network of five stations in China set up by the U.S. Geological Survey.

There are also several networks created earlier for specific goals, such as the World-Wide Standard Seismic Network, whose antiquated instruments were put into place 23 years ago by the U.S. Geological Survey. One of its tasks was to monitor underground nuclear explosions.

Using the Harvard data, the scientists found that in Armenia there were shocks 10 seconds and one minute after the main tremor.

While the magnitude of the aftershocks was small, compared to 6.9 for the main event, they may have amplified the shaking by the first quake and brought down buildings already weakened.

rial would deflect the magnetic field lines generated in Earth's core, causing them to converge in some regions and diverge in others, the researchers theorize.

**Arthritis Drug Approved**

**WASHINGTON (AP)** — The U.S. Food and Drug Administration has approved misoprostol, a prescription drug intended to help arthritis sufferers avoid getting potentially life-threatening ulcers from their medicine.

"We think it is a very important drug," said Peter Mathon, a spokesman for the Arthritis Foundation, after the announcement on Tuesday.

The FDA said there are an estimated 200,000 cases of gastrointestinal bleeding each year in the United States due to the 68 million prescriptions of non-steroidal, anti-inflammatory drugs used for arthritis.

**Seeing-Eye Feet Created**

**LONDON (AP)** — British scientists are developing Braille through-the-feet to help blind people avoid hazards like lampposts, road signs and litter bins and to show them where to cross roads and to find platform edges at train stations.

The blind will "read" the warnings by treading on specially laid blister-type surfaces, said the Transport and Road Research Laboratory in Crowthorne, England.

The laboratory is investigating a number of different patterns that can be distinguished without causing confusion or inconvenience to normally sighted people, such as those with walking difficulties or wheelchair users. The results should be available in August.

**AIDS Drug Discouraged**

**WASHINGTON (UPI)** — Aerosol pentamidine, an experimental drug widely used by AIDS patients trying to prevent deadly pneumonia attacks, should not be used to treat patients already suffering from pneumonia, the drug's developers say.

In a recent editorial in *Annals of Internal Medicine*, Dr. Donald Armstrong and Edward Bernard of New York's Memorial Sloan-Kettering Cancer Center stress the difference between taking aerosol pentamidine to ward off pneumocystis carinii pneumonia (PCP) and using the drug to treat it.

Although aerosol pentamidine has not received U.S. Food and Drug Administration approval, Dr. Armstrong said thousands of Americans infected with the human immunodeficiency virus, which causes acquired immune deficiency syndrome, are using the drug to protect themselves.

**Magnetic Theory Explored**

**SAN FRANCISCO (UPI)** — Scientists have come up with an explanation for the mysterious wanderings of Earth's magnetic north pole.

The answer may lie hundreds of miles below the surface in what researchers believe may be the world's most chemically active region, said Raymond Jeanloz, professor of geophysics at the University of California at Berkeley.

The experiments suggest the lowest level of the Earth's rocky mantle reacts with the hot liquid iron core below it, in the process imbedding "blobs" of iron-rich alloy in the mantle. Such metal-laden mate-

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INTERNATIONAL MANAGER

GenCorp & Associates: A Concept in Production

By ELIZABETH M. FOWLER

NEW YORK — GenCorp Automotive needs 400 production workers for a new \$65 million plant that makes reinforced plastics at Shelbyville, Indiana.

GenCorp Automotive, a subsidiary of GenCorp Inc., operates 11 plants, and it decided that, for the latest one, it would develop a form of participative management and "share" its new production workers differently.

"We are not just hiring people. We are recruiting them for their special skills," Mr. Goberville said. "We are recruiting them for their special skills. We cut layers of managers. The middle managers are gone. What we found in our initial design is that we can reduce by one-third the number of professionals and managers by having a multiple-function work force."

GenCorp has hired 20 people — 12 maintenance technicians, who already have been sent to West Germany for training on equipment to be used in the plant, and eight team leads. Another group of 20 will begin work in January.

Workers are called "associates" and will participate in profits made by productivity improvements. A small support group of "staff associates," which includes quality assurance, human resources, materials, computer systems and engineering, will directly with the teams.

UNLIKE the customary payment approach by most manufacturers, everyone receives a salary, competitive with levels in the Indianapolis area. That means there are no hourly paid blue-collar production workers. All workers will be given training, including opportunities to attend community technical schools, the General Motors Institute or Purdue University for certificates or bachelor of science degrees.

Most workers will be cross-trained so that they can fill other jobs in case of emergencies, changing needs or personal preferences. For example, a press operator would be equipped to do maintenance on the press, handle subassemblies, do quality inspection, and possibly even train new employees.

This type of lean, flexible, team-oriented production organization is a precursor of the industrial future, Mr. Goberville believes. If the approach works as well as expected it will be applied to other company operations.

The company, which is spending more than \$4 million for the recruiting and training, hired an independent concern, Development Dimensions Inc. of Pittsburgh, to design an assessment program and train company recruiters as well as some recruiters for the state of Indiana. The state is providing money for training as well as initially screening some 20,000 workers.

Regular production will not start until spring, so GenCorp Automotive is still seeking 400 or so "associates" who will fit into the program. It concedes that not everyone likes the approach. "About 5 percent of the ones we interview don't like the idea of this type of working environment," Mr. Goberville said.

U.S. Steel Industry's Turnaround to Be Tested

By Julia Flynn Siler

GARY, Indiana — Along the shores of Lake Michigan, four sprawling mills produce nearly a quarter of the raw steel made in the United States — in a fraction of the time and with far fewer people than it took at the turn of the decade.

Helped by huge investments in new technology, the lower dollar and import restraints, these "integrated" operations, which transform iron ore, limestone and coal into steel, are now among the most productive steel mills in the world.

Considering that just a few years ago the steel industry was vilified as an example of everything wrong with American manufacturers, the turnaround has been remarkable.

Still, it remains to be seen whether the vastly improved fortunes of these mills and their owners — USX Corp., LTV Corp., Bethlehem Steel Corp. and Inland Steel Co. — are an example of a bona fide industrial revival or of just ephemeral prosperity. The first tests will come during 1989.

Contracts between the United Steelworkers union and several of the large steel companies are up for renegotiation in July, and with the industry now solidly profitable, at least some local union officials are already saying they want to be rewarded for the pay concessions they made earlier in the decade.

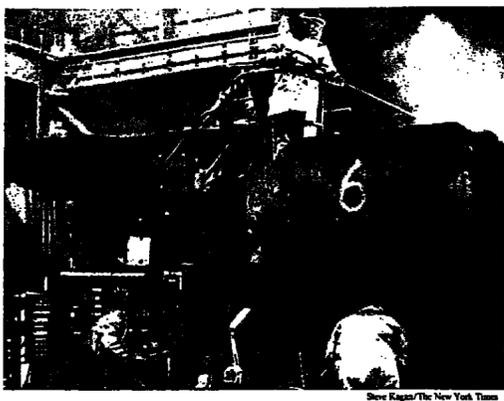
It is far too early to tell whether a strike will occur. But, at the very least, a wage dispute could hurt labor-management relations and undercut the progress the industry has made in enlisting the union's help in increasing productivity.

Another critical point comes in September, when government agreements negotiated in the early 1980s, limiting steel exports to the United States, are due to expire.

Although President-elect George Bush vowed during the election campaign to renew the accords, an international agreement to limit subsidies or louder protests by major domestic steel users could undermine his resolve.

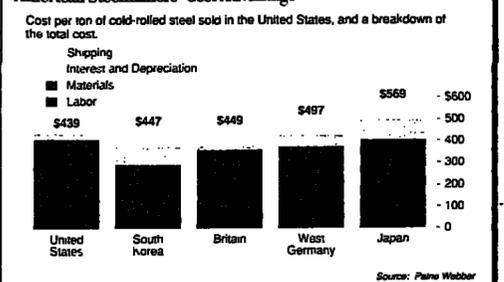
Then there are other uncertainties: Will the dollar rebound against other currencies, reducing if not eliminating the cost advantage the Indians mills now have?

Will another deep recession hit, plunging the financially shaky industry back into the red? Will a decision to cut research and development and rely on the



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American Steelmakers' Cost Advantage



Source: Platts Webber

Perelman Leads Group Buying 5 Texas Thrifts

Compiled by Our Staff From Dispatches

WASHINGTON — A group led by Ronald O. Perelman, chairman of Revlon Inc., will invest \$315 million to acquire five insolvent savings and loan institutions in Texas with combined assets of \$12.2 billion, the Federal Home Loan Bank Group said Wednesday.

The board said its Federal Savings & Loan Insurance Corp. would provide \$5.1 billion over 10 years to assist the transaction.

Most of the \$315 million is to be provided by MacAndrews & Forbes Holding Inc., a New York-based investment company headed by Mr. Perelman, who is known for several major U.S. acquisitions and takeover attempts.

The five thrifts, which have 132 offices, previously had been placed in receivership by the bank board. They will reopen as First Texas Bank.

The new institution will be managed by Gerald J. Ford, chairman of Ford Bank Group of Dallas. Mr. Ford also is president of United New Mexico Financial Corp., which controls 23 banks with assets of \$2 billion.

M. Danny Wall, chairman of the bank board, said the \$315 million investment is the largest capital infusion by any buyer under the agency's Southwest Plan, which seeks to bail out insolvent thrifts in Texas, Louisiana and Oklahoma.

FSLIC is issuing a 10-year, \$866 million note to bring the institution's regulatory capital to zero. For 10 years, it will cover losses

on the book value of loans that eventually are sold and will make up any loss of interest income on loans.

Two of the thrifts, Gibraltar Savings Association of Houston, with assets of \$6.1 billion, and First Texas Savings Association of Dallas, with assets of \$3.5 billion, are among the largest thrifts in Texas.

The others are Homes Savings & Loan of Houston, with assets of \$568.3 million; Killeen Savings & Loan of Killeen, with assets of \$256.6 million; and Montfort Federal Savings & Loan Association of Dallas, with assets of \$1.8 million.

Montfort is the former Vernon Savings & Loan Association of Dallas, which was one of the most notorious risk-taking thrifts that the bank board has dealt with.

When it was taken over by the agency earlier this year, bank board officials found that 96 percent of its loans were delinquent or nonperforming. Later, the agency sued Vernon's chief, Don R. Dixon.

Mr. Wall said in a statement that the Southwest Plan, which began in May, had attracted more than \$800 million in capital to Texas thrifts this year.

"This demonstrates that there is a viable interest in Texas thrifts, and investors are confident enough in the future of the thrift industry that they are willing to invest hundreds of millions of dollars in Texas thrifts," he said.

The deal announced Wednesday is one of a number of transactions that the bank board is seeking to complete before the start of 1989, when the tax benefits of its aid will be cut in half.

Since August, the agency has been seeking to find buyers for more than 500 insolvent institutions. Their total losses are estimated to range from \$50 billion to \$100 billion.

The bidding for First Texas and Gibraltar had been intense. Among other interested parties was Ford Motor Co., through its First National Bank subsidiary. But bank board officials said the offer by Mr. Perelman's group was less costly to the government.

One of the main problems for a public company like Ford in such a transaction was that the bank board insists on issuing a large

U.S. Firms 2 Top U.S. Officials Seek to Relax Antitrust Laws

By Stuart Auerbach

WASHINGTON — Two members of the Reagan cabinet have launched a drive for a fundamental relaxation of antitrust laws that would allow rival U.S. companies to run joint production lines and thus compete better against foreign companies.

"The time has come for us to realistically look at the antitrust laws and try to mold them to our favor and not to the interests of foreigners" who have "no such restrictions," said Commerce Secretary C. William Verity Jr.

He and Attorney General Richard L. Thornburgh floated the idea of revising antitrust laws

in articles Tuesday on the editorial page of The Wall Street Journal. Aides said the plan had sprung from conversations between the two over the past few months and would be pushed in the incoming Bush administration by Mr. Thornburgh, who will remain as attorney general.

Assistant Attorney General Charles F. Rule said the next step would be to get business and congressional opinion of the proposal before drafting legislation.

The proposal is aimed at helping U.S. companies against Japanese and European competitors who benefit from looser antitrust regulations and, sometimes, outright government support. Supporters of the plan say it would

enhance American competitiveness without engaging in the kind of government-directed, government-subsidized "industrial policy" that is abhorrent to Republican economic policy.

This would be the third major relaxation of U.S. antitrust laws in the past six years in an effort to improve competitiveness.

Earlier moves, in 1982 and 1984, allowed competing companies to form joint export trading units to better sell overseas and to engage in joint research and development ventures. A second wave of regulations, proposed by Malcolm Baldrige when he was secretary of commerce made it easier for competing U.S. com-

panies to form joint ventures in the southern city of Kumli to produce color television tubes, the first known investment by a Communist country in South Korea.

Officials at Orion Electric Co., a sister company of Daewoo Corp., said they had agreed this month with Zhejiang Province Electric Co. to set up the plant by the end of May. The plant will be capable of producing 1.2 million television tubes a year. All will be exported to China.

South Korea does not have diplomatic relations with any Communist country but trade is expanding quickly as a result of economic reforms in the

Communist world and South Korea's search for new markets.

Total trade between China and South Korea is forecast by Seoul analysts to exceed \$2.5 billion this year compared with \$1.8 billion in 1987.

The company official said the two sides agreed that Daewoo would put up 70 percent of the total capital of \$20 million and the Chinese partner the remaining 30 percent.

A South Korean business analyst said investment by China in South Korea could demonstrate Beijing's political commitment to long-term ties with Seoul and encourage South Korean firms to put more money into China.

Currency Rates

Table showing currency rates for various countries including Australia, Brazil, Canada, France, Germany, Hong Kong, India, Italy, Japan, Korea, etc.

Forward Rates

Table showing forward rates for various currencies including Australian dollar, Canadian dollar, Swiss franc, etc.

Interest Rates

Table showing interest rates for various currencies including Eurocurrency deposits, etc.

Key Money Rates

Table showing key money rates for various currencies including US dollar, etc.

Asian Dollar Deposits

Table showing Asian dollar deposits for various currencies including Hong Kong, etc.

U.S. Money Market Funds

Table showing U.S. money market funds for various currencies including Merrill Lynch Ready Assets, etc.

Gold

Table showing gold prices for various locations including Hong Kong, etc.

UN Predicts Further Growth For Asia but at Slower Pace

Compiled by Our Staff From Dispatches

BANGKOK — Economic growth of Asia's newly industrialized countries and members of ASEAN is expected to slow next year and in 1990 but will continue at a healthy level, a United Nations agency said Wednesday.

Shah A.M.S. Kibria, executive secretary of the UN Economic and Social Commission for Asia and the Pacific, said most of the nations would maintain "vigorous expansion" in 1989.

"Their robust average gains of 8 percent this year, up from 7.1 percent in 1987, far outpaced the estimated 1988 growth of 3.8 percent for the world economy," he said.

The agency said in a report that four newly industrialized countries — South Korea, Taiwan, Hong Kong and Singapore — would have an average 7.9 percent growth in gross domestic product in 1989, down from about 9.2 percent this year and 11.3 percent in 1987.

The report said the forecast for the newly industrialized countries was based on continued appreciation of their currencies and an expected slowdown in growth of Japan and the United States, both of which would lead to lower exports.

South Korea's GDP, the output of the nation's goods and services excluding income from abroad, is to expand about 9 percent in 1989 against 11.0 percent this year; Singapore 8.4 percent against 11.1, Taiwan 7.2 against 7, and Hong Kong 6 percent against 7.5.

Members of the Association of South East Asian Nations, are Malaysia, Indonesia, Singapore, Thailand, Brunei and the Philippines.

Thailand's GDP is expected to grow by about 8 percent in 1989 against 10.5 percent this year; the Philippines 6.8 percent against 6.4 percent; Malaysia 6.5 percent against 7.4; and Indonesia 4 percent against 3.8. (Reuters, AFP)

Chinese Firm Scores First in South Korea

SEOUL — A Chinese electronics company has agreed to form a joint venture in the southern city of Kumli to produce color television tubes, the first known investment by a Communist country in South Korea.

Officials at Orion Electric Co., a sister company of Daewoo Corp., said they had agreed this month with Zhejiang Province Electric Co. to set up the plant by the end of May. The plant will be capable of producing 1.2 million television tubes a year. All will be exported to China.

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Communist world and South Korea's search for new markets.

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AMETEK advertisement for heating systems, featuring a large '96' and 'EFFICIENT' text.

AMEX Most Active Stocks table with columns for stock symbols and prices.

AMEX Stock Index table with columns for index values and changes.

Large table of stock market data including various stock prices and market indices.

Continued on next page



BUSINESS ROUNDUP

Quantum Leaps on Dividend Plan

NEW YORK — Quantum Chemical Corp. soared Wednesday after the company declared a \$50-a-share special dividend as part of a recapitalization plan that includes the sale of its oleochemicals unit.

Quantum, which early this year changed its name from National Distillers & Chemical Corp. and has 22.8 million shares outstanding, said it would fund the \$1.4 billion special distribution with \$1.15 billion in bridge loans.

Jaguar Says Production Exceeded 50,000 in 1988

LONDON — Jaguar PLC said on Thursday that it had produced a record number of cars in 1988 despite weakness in the important U.S. market after the October 1987 stock market crash.

Belgium's FN Sets New Shares at 500 Francs

BRUSSELS — Fabrique Nationale Herstal SA said Wednesday that it had set a price of 500 Belgian francs (\$13.40) for new, privileged shares to be issued under a major recapitalization plan.

rose 6 on Wednesday after the announcement and closed at 676. FN, which produces light arms and aviation engines, plans to issue capital totaling around 1.5 billion francs to stockholders apart from its parent company, Société Générale de Belgique SA.

announced at the end of last month. Société Générale itself is injecting the remaining 5.1 billion francs. FN is being restructured in parallel with another Société Générale subsidiary, the chemicals group Gechem SA.

Garuda Indonesia Reports Big Rise in Pretax Profit

AGENCE FRANCE PRESSE — The pretax profit of Garuda Indonesia, the government-owned airline, soared to \$175 million in 1988 from just \$175,000 in 1987, press reports said Wednesday.

managed to spread out maintenance costs for its wide-bodied aircraft. Mr. Suparno said Garuda could get export credit facilities with interest rates lower than ordinary bank loans. Banks currently charge about 20 percent on loans.

FN has increased the amount of capital it is issuing from 500 million to 1 billion francs after encountering what it said was greater than expected interest. Gechem has doubled to 2 billion francs the capital it was reserving for shareholders apart from Société Générale after a number of stockholders threatened to block the recapitalization plan.

Interco Rejects Burlington In Favor of Lower Bidder

ST. LOUIS, Missouri — Interco Inc. said Wednesday that its board had voted to reject a bid for its Londontown subsidiary from Burlington Coat Factory Warehouse Corp., in favor of a lower offer from a management-led group.

THRIFTS: Perelman Group Sets Takeover of 5 S&Ls

(Continued from first finance page) FSILC promissory note as part of the assistance package. Publicly traded companies tend to shy away from such assistance because the accounting profession has not concluded that FSILC notes carry the full backing of the government.

cent. FSILC also receives 33 percent of the tax benefits arising from the deal and warrants to buy 20 percent of the buyer's stock. (Reuters, NYT) Moreover, many of the deals permit the acquiring institutions to use the net operating losses of the existing savings and loan associations they buy, essentially reducing their future tax burdens.

Some have argued that this in effect is an indirect taxpayer bailout, that the magnitude of lost tax revenues is huge but unknown. No taxpayer money was involved in the transaction with Mr. Perelman's group. FSILC will share in any gains on the sale of covered assets. It would get 90 percent of the gains on the first \$200 million of assets.

STEEL: U.S. Industry's Remarkable Turnaround Faces First Tests in '89

(Continued from first finance page) Japanese and West German technology come back to haunt it? And will increasingly sophisticated mini-mills — those small, low-cost producers that typically make steel from scrap — continue to expand their market share?

Still, said Louis L. Schorsch, a steel specialist at the management consultant McKinsey & Co., "the mills in northwest Indiana are the least vulnerable to foreign competition and an economic downturn because of their location and their ongoing efforts to improve their productivity. They are by far the best plants in the United States."

the lower dollar and import restrictions, will vanish. "We will continue to restructure, though not as violently as before," said David M. Roderick, USX's chairman and chief executive, adding that the company hopes to maintain its current steelmaking capacity and lower the number of its employees.

Then events began working in its favor. A six-month work stoppage at USX helped lower industry inventories. The dollar began to fall, undercutting foreign steelmakers' competitive position in the United States and enabling U.S. companies to modestly increase exports.

operating profit is more than \$300 million. If not quite as dramatic, the improvements at the three other mills are nonetheless striking. Inland Steel's operation, for example, now requires only four hours of labor to make a ton of steel, or about two-thirds of what it took in 1981. It takes the Japanese and West Germans more than six hours to produce the same amount of steel, according to analyst estimates.

As a whole, the industry earned \$1 billion in 1987 and is expected to earn as much as \$2 billion this year. For their part, executives at the big companies sound much more positive than they have for years. "We're in good shape to weather any sort of downturn," said Walter F. Williams, chairman of Bethlehem Steel. "Burns Harbor will be running at full capacity 10 years from now no matter what happens."

He has good reason for such concern. Because U.S. companies were slow to adopt new technology, improve quality and reduce waste, the Japanese and some European producers had developed a big advantage by the late 1970s. And with foreign steelmakers selling their products at prices well below those of their American rivals, the share of the U.S. market held by imports soared to 26 percent in 1984 from 15 percent in 1979. In a desperate bid to regroup, some U.S. companies slashed prices by as much as 30 percent.

But the industry did respond. About 80 percent of the finished steel produced by the Indiana mills is now made with continuous casters, up from 24 percent six years ago. The industry average is about 59 percent. Continuous casting saves energy and improves quality. The mills introduced other devices to improve quality and lower labor costs. Inland, for instance, spent \$80 million to \$90 million on a continuous annealing line that softens the steel before it is rolled for a second time to temper it. The line, which began operating in 1983, requires only four operators and a supervisor and can process a coil of steel in less than an hour. The previous system required 10 employees and much more time.

Floating-Rate Notes

Table with columns: Issuer/Mat., Coupon, Next, Bid, Ask. Lists various floating rate notes in Dollars.

Pounds Sterling

Table with columns: Issuer/Mat., Coupon, Next, Bid, Ask. Lists various floating rate notes in Pounds Sterling.

Deutsche Marks

Table with columns: Issuer/Mat., Coupon, Next, Bid, Ask. Lists various floating rate notes in Deutsche Marks.

Japanese Yen

Table with columns: Issuer/Mat., Coupon, Next, Bid, Ask. Lists various floating rate notes in Japanese Yen.

Vertical sidebar containing market data, stock indices, and commodity prices.

Advertisement for International Herald Tribune, featuring the headline 'Now Printed in New York For Same Day Service in Key American Cities.' and contact information.

Large advertisement for the International Institute of Tropical Agriculture (IITA) in Ibadan, Nigeria, seeking a Deputy Director General — Management. Includes detailed text about the institute and application information.



CURRENCY MARKETS

Corporate Demand Boosts Dollar in New York

Compiled by Our Staff From Dispatches
NEW YORK — The dollar closed sharply higher Wednesday in this trading, bolstered by year-end corporate demand for the currency.

The advance started in Tokyo, where there was some year-end corporate buying, said Earl Johnson, vice president in foreign exchange at Harris Trust & Savings Bank in Chicago. "The move up might come some people by surprise and they were forced to cover their positions."

Higher U.S. interest rates also aided the dollar's advance, Mr. Johnson said.

The dollar closed at 1.7895 Deutsche marks, up from 1.7775 DM on Tuesday, and at 125.70 yen, compared with 124.90 a day earlier.

The British pound closed at \$1.7900, down from \$1.8020 at Tuesday's close. The U.S. currency finished at 1.5135 Swiss francs, up from 1.5005, and at 6.1145 French francs, up from 6.0720.

Earlier in London, the dollar closed at 1.7900 DM, up from 1.7775 DM on Friday, before the long holiday weekend, and at 125.63 yen, compared with 124.68.

The dollar touched a high of around 1.7970 DM in Europe before falling back.

The Bundesbank intervened in the markets to sell dollars but the move had little effect, dealers said.

The dollar did retreat, however,

London Dollar Rates table with columns for Currency, Unit, and Rate.

sign that "this strong upwards move does not quite suit us."

U.S. Treasury bill rates rose Wednesday after a steep rise in the federal funds rate.

Six-month bill rates rose 8 basis points to 8.33 percent, while three-month rates edged 3 basis points higher to 8.24 percent.

The rise in short-term rates followed a sharp increase in the fed-

eral funds rate. Funds opened at 9 percent but jumped to 10 1/2 percent. The Federal Reserve protested the very high 9 1/2 percent level of funds with an early round of overnight system repurchase agreements.

Traders said, however, that the sharp rise in short-term rates had fueled speculation that the U.S. discount rate would rise.

(Reuters, UPI)

COMPETE: Officials Seek to Loosen Antitrust Laws

(Continued from first finance page) pay triple damages that might arise from such suits.

Mr. Rule said Mr. Thornburgh had raised both options to see which would most effectively deal with the problem. He said both methods would prevent monopolistic behavior and protect consumers from increased prices because the cooperating companies, in the end, would still compete for customers.

Mr. Thornburgh said that new products cost so much to develop and make that no one company could develop them without government help. Furthermore, he said, products have short life spans, as competitors quickly enter the market with newer models.

Robert H. Brunley 2d, the Commerce Department's general counsel, said U.S. companies have reported that they had not gone ahead with joint manufacturing ventures because they feared antitrust problems.

One area that Mr. Verity cited was high-definition television, in which, he said, Japanese companies had formed a consortium with government aid several years ago. They now are poised to begin marketing new products, he said, while European companies have followed suit.

The American Electronics Association has called for an intensified government-industrial partnership to help U.S. companies develop high definition television, while the Defense Department has promised support to keep its U.S. suppliers abreast of the latest technology.

The Pentagon uses television technology for helicopters, tanks, training simulators and other military systems. Beyond that, a strong government presence in this technology is considered critical to keeping U.S. manufacturers of semiconductors competitive on world markets.

Traders on the floor of the Tokyo Stock Exchange applauding at the end of the 1988 business year in a ceremony on Wednesday.



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Tokyo Stock Market Ends Year at Record Level

TOKYO — The Tokyo stock market, riding a wave of optimism for the new year, rallied on Wednesday to a record 1988 closing level.

The Nikkei 225-share index rose 108.07 points, or 0.36 percent, to a record closing high of 30,159.00.

"A lot of it is just year-end window dressing, but there's also some fundamental buy-

ing for the new year," said Bruce Babcock of Prudential-Bache Securities (Japan) Ltd.

In 1988, the Nikkei index rose 8,595 points, or 40 percent. The factors supporting the rise — low interest rates and strong corporate earnings — are expected to continue into 1989, brokers said.

The Tokyo Stock Exchange also posted the largest yearly volume ever of 278.60 billion shares in 1988, surpassing the previous record

of 259.20 billion set last year, an exchange spokesman said.

Total value of trading was also a record 279.72 billion yen (\$2.23 billion) in 1988, up from the previous record of 245.318 billion set in 1987.

Market capitalization rose to 462,896 billion yen in 1988 from 325,478 billion a year earlier, the spokesman said.

Wednesday's OTC Prices. NASDAQ prices as of 4 p.m. New York time. This list compiled by the AP, contains the 1,000 most traded securities in terms of dollar volume.

Table of OTC prices for various stocks including American Express, American International, and American National.

Table of OTC prices for various stocks including American Overseas, American Pacific, and American Republics.

Table of OTC prices for various stocks including American South, American States, and American Union.

Table of OTC prices for various stocks including American West, American World, and American Bank.

Table of OTC prices for various stocks including American Life, American Trust, and American Fund.

Table of OTC prices for various stocks including American Insurance, American Real Estate, and American Energy.

Table of OTC prices for various stocks including American Chemical, American Food, and American Retail.

Table of OTC prices for various stocks including American Technology, American Media, and American Services.

Table of OTC prices for various stocks including American Healthcare, American Education, and American Transportation.

Table of OTC prices for various stocks including American Utilities, American Telecommunications, and American Entertainment.

Table of OTC prices for various stocks including American International, American Overseas, and American Pacific.

Table of OTC prices for various stocks including American South, American States, and American Union.

Wednesday's AMEX Closing. Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table of AMEX closing prices for various stocks including American Express, American International, and American National.

Table of AMEX closing prices for various stocks including American Overseas, American Pacific, and American Republics.

Table of AMEX closing prices for various stocks including American South, American States, and American Union.

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SPORTS

1988: Some Glitter, Some Tarnish

No. 1 in Football? Miami Says Miami

Three U.S. college football teams — Notre Dame, West Virginia and Miami — go into the bowl games Jan. 2 with hopes of emerging as national champion. This is the last in a series on those teams.

By Sally Jenkins

WASHINGTON — Maybe it's Miami's supreme cool, an ability to rob you unaware with a who-what? look, that makes it so convincing a college football team. Coach Jimmy Johnson doesn't want much. "Just vote for the best team," he said, in his smooth rock-a-bye voice, trying to make you forget that the team he is referring to is his own.

In the normal course of conversation with the Hurricanes, up becomes sideways, a loss becomes a tie, and No. 2 in the rankings isn't second-best anymore, it's almost No. 1. Another team might have faded from the heights of the polls by now, but the Hurricanes have refused to slip quietly into also-ran status, dickering loudly for what they see as their due. Despite a loss to Notre Dame, they continue to make a case for No. 1 that sometimes can seem impossibly right.

Their otherwise unbeaten season turned on a single failed moment at midseason, when Steve Walsh's two-point conversion pass fell incomplete and saved the Irish a 31-30 upset. That made Notre Dame top-ranked and sentenced the Hurricanes to catching up. Gradually, they almost have, negotiating the rest of an at-times difficult schedule to finish the regular season at 10-1 and earn a berth in Monday's Orange Bowl against sixth-ranked Nebraska.

If they beat the Cornhuskers, as they are expected to, an unlikely but not impossible sequence could give the Hurricanes their second straight national championship. No. 3 West Virginia must upset Notre Dame in the Fiesta Bowl game of undecideds, and then the pollsters must elect the Hurricanes No. 1 over a Mountaineers team that would have its own strong claim with the only 12-0 record.

"I don't even like to talk about it," running back Cleveland Gary said. "How can you say Miami doesn't deserve it?"

The Hurricanes make several strong points in this round of what-ifs. They open by discussing their schedule that included three conference champions: Southeastern co-titlist Louisiana State, the Southwest's Arkansas, and Michigan of the Big Ten. Big Eight winner Nebraska will be the fourth. Besides, right at the outset, by 31-0, they decimated preseason No. 1 Florida State, which has not lost since.

Of Miami's 11 games, six were against bowl teams, yet the Hurricanes managed to win by an average score of 36-10. After Florida State and Michigan, there was a cushion of five opponents — two before and three after Notre Dame — that would total a meager 13 wins. But, by the time it got through a final stretch made up of LSU, Arkansas and Brigham Young consecutively, Miami was worn to the bone.

"I think the people upstairs went a little crazy with the schedule," offensive lineman Mike Sullivan said. "It got to the point where your body was crying. Please, stop this."

The Hurricanes' record begs comparison with West Virginia, which has pointed to its own scoring margin of 43-16 as an argument for No. 1, should it defeat Notre Dame. But the Mountaineers played a weak eastern schedule, and just two of their opponents ended with winning records.

This has caused some public friction between the Mountaineers and Hurricanes, and a look at their two common opponents provides little evidence as to who may be right.

West Virginia beat East Carolina by 30-10; Miami beat the Pirates by 31-7. Cincinnati fell to the Mountaineers by 51-13, and to the Hurricanes by 37-3.

Less convincing but just as stridently argued by Miami is the Notre Dame upset. They played at Notre Dame, a notoriously difficult environment. On their worst day of the season, they turned the ball over seven times and were victimized by a controversial call late in the game. And still they managed to come within a point. Had they chosen to go for the tie, they could very well be No. 1.

"I hate to see this team penalized just for turning down a tie," Johnson said. "If we kick the point we're No. 1. But we have to go for the win, because we're the defending national champions."

The real sore point with the Hurricanes was not the make-or-break play, but the still argued flag on the series before, when they had driven into scoring position. A Walsh completion to Gary inside the Notre Dame 3-yard line was first ruled a fumble when Gary stretched for the goal line, and then an official said the Hurricanes turned the ball over on downs. Miami claimed an error was made, and Gary still is beside himself. "It's so hard," he said.

The Hurricanes labor the recollection of that game because it ruined what otherwise might have been a miracle of a season. They were highly regarded in preseason, but after losing 17 seniors to the NFL from last year's title team, they were not necessarily expected to make so serious a run at repeating. Walsh, a junior, represented the only veteran among the offensive skill players; the backfield and receiving corps were first-timers, many of them sophomores. Walsh directed them with aplomb, making stars out of previously unheralded players such as receivers Dale Dawkins and Randall Hill, Gary out of the backfield, and a monstrous tight end in Rob Chudzinski.

The youth factor may have been a telling one, the only thing that kept them from being a complete team, as they had almost as many turnovers as touchdowns, 37 to 47. Even with those hitches in their usually smooth offense, however, they still averaged 454.5 yards a game and 35.9 points. If they gave the ball up, their defense showed a fortunate tendency to stiffen the opposition, giving up only 242.0 yards and 10.3 points, second in the nation. They turned especially recalcitrant in the second half, when they yielded a remarkable average of only 23.2 yards. They set a school record with 50 sacks.

"If we were 11-0, would anyone say anything about us being young?" Gary said. "We had a young team that was supposed to finish around 10th, and instead we're 10-1. It's sad."

It's a rare thing when Miami's claim to No. 1 is predicated on something other than its own bowl game, after playing for the national championship the last two years consecutively, with a 1-1 mark. Usually the Hurricanes have the nation's polls in their back pockets. Regardless of this season's outcome, they must be regarded as the most superb team of their era, because Notre Dame mars what is otherwise an astonishing winning streak: Miami has won 42 of its last 43 regular season games, and 22 of 23, counting bowls. That is against a schedule that in the 60 games in five years under Johnson has included 29 bowl teams.

With most of this team returning, chances are the Hurricanes will control next season once again, so they have a certain familiarity about what might happen Monday. That is not to say they will be content with the outcome. "We won't be satisfied with No. 2," Gary said. "But the book closes. Life goes on."

By Dave Anderson

NEW YORK — In a sweet-and-sour sports year, 1988's boldest headlines identified the villains or the vanquished as often as the victors.

At the Summer Olympics in Seoul, Florence Griffith Joyner and Jackie Joyner-Kersey of the United States hurried to five gold medals. But Ben Johnson of Canada was disgraced and disqualified for flunking a steroids test after having set a world record of 9.79 seconds in the 100-meter dash.

In the World Series, Orel Hershiser of the Los Angeles Dodgers maintained his mastery as baseball's dominant pitcher. But Pete Rose, the Cincinnati Reds' manager, was suspended for 30 days after having incited a crowd by pushing an umpire.

Steffi Graf, a 19-year-old West German, completed a tennis Grand Slam by winning the Australian Open, French Open, Wimbledon and U.S. Open — plus an Olympic gold medal. But the Association of Tennis Professionals proposed its own worldwide men's tour for 1990, further fragmenting the sport.

And for all the fun of the natural good of sports in 1988, steroids posed the danger of an unnatural evil.

"The athletes are ahead of us and have stuff we don't even know about," said Dr. Robert Vovk, chief medical officer of the U.S. Olympic Committee. "We have to come up with better analytical programs and with better technology."

Sweet or sour, the year's most stunning moment occurred when Johnson suddenly departed from Seoul after surrendering his gold medal. In the 100, Johnson burst out of the blocks to fulfill his prediction of a world record.

But three days later, Olympic drug testers informed the muscular

fourth Stanley Cup and then traded Wayne Gretzky. But during the early weeks of this National Hockey League season, eight players were suspended for violent incidents.

The Los Angeles Lakers were the first National Basketball Association team in two decades to repeat as champions. But the Soviet Union's gold medal performance in Seoul and its defeat of the U.S. team joined American basketball and meant that John Thompson, the coach at Georgetown, will be remembered as only the second U.S. coach not to produce a gold-medal team.

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But three days later, Olympic drug testers informed the muscular

Jamaica-born sprinter that his post-race urine sample contained stanozolol, a banned anabolic steroid. Johnson insisted he was innocent. But in addition to being stripped of his gold medal he was suspended for two years by the International Amateur Athletic Federation.

Griffith Joyner set a world record of 21.34 seconds in the 200-

meter race in the 100 and ran on the U.S. gold-medal 400-meter relay team in Seoul.

Her sister-in-law, Joyner-Kersey, set a world record in the heptathlon and won the long jump. Louise Ritter of the United States, a survivor from the 1980 Moscow boycott, soared to the high-jump gold in a surprise.

Greg Louganis, bloodied from hitting his head on the board, won two diving gold medals for the United States, as he had in 1984. Matt Biondi swam to seven U.S. medals, including five golds. Kristin Otto of East Germany splashed to six golds.

Over all, the Soviet Union won 132 medals, including 53 gold. East Germany had 102, including 37 gold, and the United States had 94, 36 gold.

But the Johnson situation and the premature departure of the Bulgarian weight-lifter team from Seoul spurred the United States and the Soviet Union to create a mutual drug-testing agreement.

At the Winter Olympics, Katarina Witt of East Germany repeated as a figure-skating gold medalist. In Alpine skiing, Alberto Tomba of Italy, with golds in the slalom and giant slalom, upstaged Pirmin Zurbriggen, who won the men's down-

hill by 54 one-hundredths of a second. Yvonne Van Gennip of the Netherlands swept the 1,500, 3,000 and 5,000 speed-skating golds.

The year's most theatrical moment in U.S. sports occurred in the World Series opener, Ninth inning.

Two out. The Oakland Athletics were leading the Dodgers by one run with Dennis Eckersley, their bullpen ace, pitching. Mike Davis walked. Kirk Gibson limped out of the Dodger dugout on a sprained right knee and a damaged left hamstring. On a 3-and-2 count after several foul balls, Gibson lined a home run into the right-field stands for a 5-4 victory.

But the final weeks of the baseball season were dominated by Hershiser's incredible pitching. He had a record 59 consecutive scoreless innings and eight shutouts for a 23-8 record through the end of the regular season.

After another collusion ruling against the baseball owners, free-agent salaries ascended.

"They give you money, but no respect," Don Mattingly said of the Yankees.

In August, Chicago's Wrigley Field installed lights for its first night game. The Baltimore Orioles opened the season with a record 21-game losing streak. Tom Browning of the Reds pitched history's 12th perfect game. Jim Abbott, a one-handed pitcher at Michigan, won the Sullivan Award as the outstanding U.S. amateur athlete.

In pro football, the Redskins appeared to strengthen their chances to repeat as Super Bowl champions by signing Wilber Marshall, a free agent who had been an All-Pro linebacker with the Chicago Bears, and a five-year \$6 million contract. But with a 7-9 record, the Redskins were unable to qualify for the current Super Bowl XXIII playoffs.

In U.S. college football, Notre Dame returned to the No. 1 perch in the two news-agency polls and Columbia University ended its 44-game losing streak.

Sugar Ray Leonard, after a 19-month hiatus, registered a ninth-round knockout of Donny Lalonde for the World Boxing Council.

Barry Sanders, a running back at



Johnson became a symbol.

Griffith Joyner dazzled.

Oklahoma State, was voted the Heisman Trophy. Oklahoma, Texas A&M, and Houston were among several schools placed on NCAA probation for recruiting violations.

In extending his unbeaten record to 35-0 with 31 knockouts, Mike Tyson had no problems in the ring, but many out of it. Not long after flattening the former champion Larry Holmes in four rounds and shortly before defeating Tony Tubbs in two, the heavyweight champion married Robin Givens, a television actress.

She was at ringside for Tyson's 91-second knockout of Michael Spinks in Atlantic City. But after weeks of ugly headlines and eight months to the day after their wedding, Givens filed for divorce. Tyson dismissed his trainer, Kevin Rooney, and recently sued his manager, Bill Cayton.

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With her sweep of the four major tennis titles during the same calendar year, Graf did what only Rod Laver (twice), Don Budge, Maureen Connolly and Margaret Court had accomplished. Sweden dominated men's tennis: Mats Wilander won the United States, French and Australian opens; Stefan Edberg won at Wimbledon.

In a Zurich track meet, Harry (Butch) Reynolds Jr. of the United States broke the hallowed 400-meter record, which had endured for two decades. Reynolds flashed across the finish line in 43.29 seconds, shattering the 43.82 mark that Lee Evans set in the 1968 Olympics.

"It's mine," Reynolds said. "No altitude, no wind, no stipulations." No steroids either.

light-heavyweight and super-middleweight titles.

In U.S. college basketball, Danny Manning's 31 points and 18 rebounds sparked Kansas to an 83-79 upset of Oklahoma in the NCAA final. But Kansas was put on probation.

After Gretzky's eight-year reign as the most valuable player in the NHL and seven-year reign as the league's leading scorer, Mario Lemieux of the Pittsburgh Penguins took those titles for himself.

In golf, Curtis Strange won the U.S. Open in a 18-hole playoff with Nick Faldo of England. Strange was also the PGA Tour's leading money-winner with \$1,147,544, the first player to surpass \$1 million. Steve Ballesteros of Spain won tournaments, including the British Open, in seven different countries. Sandy Lyle of Scotland, won the Masters.

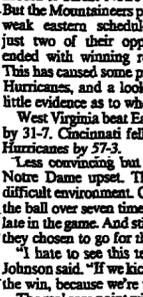
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Table with 2 columns: Stock prices for various companies like IBM, Microsoft, etc.

Table with 2 columns: Market indices like Dow Jones, S&P 500, etc.



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Hershiser lifted the Dodgers.



Tyson brawled and sued.



Louganis rebounded to win two gold medals in Seoul.

NHL Wants Soviet Star But Cold War Goes On

By Robin Finn

UNIONDALE, New York — He wants to leave the Soviet Union, where he has already garnered every hockey honor imaginable, to test his skills in the National Hockey League.

But Vyacheslav Fetisov says he is bound by a 25-year military contract and a coach who isn't ready to staff a national team without him.

"The hope dies last," said Fetisov, who has played for the Soviet Union national team for 11 years and has helped win two Olympic gold medals. "I want to play in New Jersey but I don't know if we are moving ahead to a resolution. During the last four months, one day it is you go, the next day it is no you stay here."

In an interview Tuesday as the Red Army team continued a tour of NHL teams, the defenseman was flanked by an interpreter he barely needed and he clutched a New Jersey Devils guidebook. He told the complex story of the political negotiations that have thus far prevented him from joining the NHL.

"I just want to try myself once more in new conditions," said the 30-year-old Fetisov. "I'm ready to go right now, but it doesn't depend on me."

Fetisov remains torn between his obligation to the Soviet national team and military system and his ambition to become his nation's first athlete to play in the NHL.

He had already told the Devils, who own the draft rights to him, that he wished he were playing for them now.

"But we've done everything we possibly can to get him here," said Lou Lamoriello, the Devils' general

manager. "And Fetisov himself has done everything he can possibly do to prove he wants to come here, but the hang-up is now with the government."

By September, with negotiations for his release from the army stalled, he resigned his commission as a major in order to accentuate his intentions. The resignation was not accepted, however, and Fetisov has remained in limbo.

Fetisov said he had the support of his teammates but not of his coach, Viktor Tikhonov. Tikhonov said Tuesday night that he had expected Fetisov to be playing for New Jersey this season and did not oppose the move, but Fetisov is not convinced.

"Tikhonov is a very good actor," he said.

John Ziegler, the NHL president, said he did not anticipate a hasty resolution of Fetisov's case.

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SCOREBOARD

BASKETBALL

National Basketball Association Standings

Table showing NBA standings for Eastern, Central, and Western conferences.

TUESDAY'S RESULTS

Table showing basketball game results from Tuesday.

Selected College Scores

Table showing scores for selected college basketball games.

TOURNAMENTS

Table showing details of basketball tournaments.

SIDELINES

Cleveland Browns Coach Resigns

CLEVELAND (UPI) — Marty Schottenheimer, coach of the Cleveland Browns, resigned Tuesday, three days after his team was eliminated in the NFL playoffs. The reason cited was "irreconcilable differences" with Art Modell, the club owner, that sprung from a disappointing offensive performance.

Dope Seen in Prince Charles's Horse

WORCESTER, England (AP) — A steeplechase horse owned by Prince Charles failed a dope test, showing traces of three banned substances. The Jockey Club said Wednesday, Dev's Elbow, a 4-year-old gelding and the only horse the prince has in training, tested positive for caffeine, theobromine and theophylline after winning a novice hurdle race at Worcester Dec. 5. There was no indication that the prince had any involvement in the doping.

For the Record

The Soviet Union defeated the United States, 4-2, Tuesday night in the World Junior Ice Hockey Championship in Anchorage, Alaska. Also, Czechoslovakia defeated Norway, 7-1.

Stojko Vrankovic, a center, has turned down the chance to become the first Yugoslav to play in the U.S. National Basketball Association and has signed a \$750,000 contract with Real Madrid.

The contract signed by Kevin McReynolds and the New York Mets, a three-year contract worth \$5.5 million, is the highest annual average value the Mets have ever given a player in a multiyear contract.

Quotable

Gordie Howe, the hockey legend, on what he likes most about Mario Lemieux of the Pittsburgh Penguins: "His paycheck." (LAT)

Advertisement for Blancpain watches, featuring a watch image and text: 'BLANCPAIN SINCE 1735 THERE HAS NEVER BEEN A QUARTZ BLANCPAIN WATCH. AND THERE NEVER WILL BE. GOLAY FILS & STAHL'.

INTERNATIONAL CLASSIFIED section containing various advertisements for escorts, guides, and other services.

ART BUCHWALD

Call It the Bush Deficit

WASHINGTON — As any self-respecting outgoing president would do, Ronald Reagan is spending his last weeks in office blaming others for everything that went wrong with the country's finances during his administration.



Buchwald

any such weapons. Don't think that you can use defense expenditures as a way of making him part of the Iron Triangle."

This got me mad, and I said, "I am only responsible for \$350 billion of it. The rest of the blame goes to the liberal Congress and the special interest groups. By the way, does the president intend to accept any responsibility for the deficit?"

"What about the lobbyists who helped the president get congressional funding for Star Wars and the Stealth bomber?"

Repairs for Picasso Museum

PARIS — The Picasso Museum will close in January and February for repairs to the stone floors of the 17th-century mansion it occupies, worn by the feet of 40,000 visitors a month, the national museums administration said Wednesday.

Academe, Baseball and a Sense of Order

By Herbert Mitgang

New York Times Service

NEW YORK — A Bartlett Giamatti, one of the country's leading authorities on Dante, Spenser's "Faeie Queens" and the nuances of baseball's balk rule, is the author of a new book called "A Free and Ordered Space: The Real World of the University."



A. Bartlett Giamatti: Some histories of baseball "are really social histories of the country."

"I used to be able to sit in the dugout during the Yale games," he said. "I thought of it as my franchise, and they still let me do so."

"I don't have any problems with reform, but these neopuritans make me very nervous. Bloom has been traumatized by the '60s. Everyone was, but it's 20 years later now. He has this kind of supply-side, trickle-down theory of education."

"There's a wonderful phrase here about the role of the umpire," he said. "It says that his job is to maintain 'the good conduct of the game.' It's almost a Renaissance phrase. I spend a lot of time talking with the umpires because they are the extension of the league on the field."

"I was just as worried about the 'good conduct of the game' at Yale as here. Allowing people the freedom to behave to their potential is what you would call the glory of the game."

Chinese Models Protest Exhibition of Nudes

Models, claiming they were not told nude paintings of their work would be displayed in China's first exhibition of its kind, have been objects of harassment and are refusing to pose for art classes at the Central Art Institute in Beijing.

Jolany Cash has reportedly overcome the lung complications he suffered over the weekend and is now listed in stable condition and improving at Baptist Hospital in Nashville.

Engelbert Humperdinck has filed a \$50-million-plus libel suit against the National Enquirer, contending that the tabloid held him up to hatred and ridicule by falsely reporting that he had AIDS.

Danny Ummarich, a professional Elvis Presley impersonator, found it was not enough to imitate his idol's looks and stage act, so he is building a scaled-down facsimile of Graceland, Presley's estate.

The salesman Mel Switzer, reputedly the world's loudest snorer, has decided to move from a housing project near Southampton, England, to a remote house where he says he will disturb only the squirrels.

PERSONAL MESSAGES

THANK YOU SACRED HEART of Jesus and Saint Jude for answered prayers. MAM.

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